

March 2000



North Dakota REV-E-NEWS

**From Rod Backman, Director
Office of Management and Budget
600 E. Blvd. Ave. , Dept 110 - Bismarck, ND 58505-0400**

Revenue collections in February were much improved over January's collections. Collections exceeded projections by \$7.2 million, which is attributed to strong sales tax collections and strong oil tax collections. Biennium-to-date collections are now \$4.9 million or 1.0 percent ahead of projections. The projected ending balance for the 1999-01 biennium is now \$34.2 million.

Nationally real gross domestic product grew by 7.0 percent during the last quarter of 1999 and 4.0 percent over the entire year. RFA believes the economy's robust growth is being supported, at least in part, by accelerating productivity gains. They believe productivity growth

will remain strong for some time, but that the stronger productivity gains are not sufficient to support the economy's current growth rate, which is evident by the tightening of the labor market.

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North Dakota's unemployment rate for January was 3.9 percent, while the national unemployment rate was 4.0 percent for January. North Dakota's job growth continues to be constrained by its tight labor market. RFA expects employment growth to be 0.4 percent in 2000 and 0.8 percent in 2001.

Budget Guidelines Released

Governor Schafer has asked agencies to submit a hold-even budget for the 2001-03 biennium. Salary increases and possible increases to health insurance premiums will be added to agency budgets in the executive budget.

The SIBR system has been enhanced to include word processing for the narrative portions of the

budget. The enhancements should be available to all users by mid-April.

Another change to the budget process will be the requirement that agencies submit an analysis with their budget regarding the potential of telecommuting for new FTEs.



Comments or Questions???

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STATEMENT OF GENERAL FUND REVENUES AND FORECASTS
1999-01 BIENNIUM
FEBRUARY, 2000

REVENUES AND TRANSFERS	FISCAL MONTH				BIENNIUM TO DATE			
	Legislative Forecast	Actual	Variance	Percent	Legislative Forecast	Actual	Variance	Percent
Sales Tax	\$ 28,798,100.00	\$ 32,347,104.82	3,549,004.82	12.3%	\$ 212,592,400.00	\$ 210,669,408.05	(1,922,991.95)	-0.9%
Motor Vehicle Excise Tax	3,653,100.00	4,417,475.34	764,375.34	20.9%	34,914,200.00	35,392,217.24	478,017.24	1.4%
Individual Income Tax	15,221,000.00	16,079,212.15	858,212.15	5.6%	111,356,000.00	117,901,744.99	6,545,744.99	5.9%
Corporate Income Tax	1,820,000.00	2,524,096.06	704,096.06	38.7%	26,804,000.00	18,820,478.21	(7,983,521.79)	-29.8%
Insurance Premium Tax	2,000,000.00	1,950,513.34	(49,486.66)	-2.5%	8,560,000.00	8,494,859.64	(65,140.36)	-0.8%
Financial Institutions Tax	136,000.00	212,253.00	76,253.00	56.1%	309,000.00	(389,559.00)	(698,559.00)	-226.1%
Oil & Gas Production Tax	917,000.00	1,957,741.94	1,040,741.94	113.5%	7,157,000.00	11,053,820.21	3,896,820.21	54.4%
Gaming Tax	1,940,000.00	1,715,788.80	(224,211.20)	-11.6%	8,683,000.00	9,105,214.76	422,214.76	4.9%
Interest Income	471,000.00	519,339.21	48,339.21	10.3%	3,472,000.00	3,966,571.47	494,571.47	14.2%
Oil Extraction Tax	556,000.00	1,159,053.23	603,053.23	108.5%	4,352,000.00	7,578,219.14	3,226,219.14	74.1%
Cigarette and Tobacco Tax	1,682,000.00	1,218,272.65	(463,727.35)	-27.6%	14,672,000.00	14,325,478.09	(346,521.91)	-2.4%
Departmental Collections	1,200,000.00	1,243,917.97	43,917.97	3.7%	12,340,000.00	12,493,993.48	153,993.48	1.2%
Wholesale Liquor Tax	331,047.00	349,908.77	18,861.77	5.7%	3,035,333.00	3,092,621.70	57,288.70	1.9%
Coal Severance Tax	991,000.00	939,938.19	(51,061.81)	-5.2%	7,622,000.00	7,604,729.06	(17,270.94)	-0.2%
Coal Conversion Tax	1,069,000.00	1,203,211.02	134,211.02	12.6%	8,236,000.00	8,286,259.60	50,259.60	0.6%
Mineral Leasing Fees	199,760.00	314,371.33	114,611.33	57.4%	1,719,520.00	2,144,272.60	424,752.60	24.7%
Bank of North Dakota - Transfer					15,000,000.00	15,000,000.00	0.00	0.0%
State Mill and Elevator - Transfer								
Gas Tax Admin. - Transfer					517,728.00	517,728.00	0.00	0.0%
Other Transfers					1,700,000.00	1,850,618.83	150,618.83	8.9%
Total Revenues and Transfers	60,985,007.00	68,152,197.82	7,167,190.82	10.5%	483,042,181.00	487,908,676.07	4,866,495.07	1.0%

COMPARISON TO PREVIOUS BIENNIUM REVENUES
1999-01 BIENNIUM
FEBRUARY, 2000

REVENUES AND TRANSFERS	FISCAL MONTH				BIENNIUM TO DATE			
	February, 1998	February, 2000	Variance	Percent	1999	2001	Variance	Percent
Sales Tax	\$ 23,511,437.77	\$ 32,347,104.82	\$ 8,835,667.05	37.6%	\$ 188,826,007.66	\$ 210,669,408.05	\$ 21,843,400.39	11.6%
Motor Vehicle Excise Tax	21,822.12	4,417,475.34	4,395,653.22	20143.1%	29,138,489.66	35,392,217.24	6,253,727.58	21.5%
Individual Income Tax	13,665,765.89	16,079,212.15	2,413,446.26	17.7%	106,604,720.86	117,901,744.99	11,297,024.13	10.6%
Corporate Income Tax	1,854,888.83	2,524,096.06	669,207.23	36.1%	32,462,071.20	18,820,478.21	(13,641,592.99)	-42.0%
Insurance Premium Tax	847,233.17	1,950,513.34	1,103,280.17	130.2%	6,749,442.91	8,494,859.64	1,745,416.73	25.9%
Financial Institutions Tax	149,053.00	212,253.00	63,200.00	42.4%	377,405.89	(389,559.00)	(766,964.89)	-203.2%
Oil & Gas Production Tax	506,160.40	1,957,741.94	1,451,581.54	286.8%	10,292,173.71	11,053,820.21	761,646.50	7.4%
Gaming Tax	1,940,276.68	1,715,788.80	(224,487.88)	-11.6%	8,682,884.21	9,105,214.76	422,330.55	4.9%
Interest Income	367,337.97	519,339.21	152,001.24	41.4%	5,255,475.60	3,966,571.47	(1,288,904.13)	-24.5%
Oil Extraction Tax	187,803.76	1,159,053.23	971,249.47	517.2%	6,787,917.43	7,578,219.14	790,301.71	11.6%
Cigarette and Tobacco Tax	1,690,852.26	1,218,272.65	(472,579.61)	-27.9%	15,397,043.13	14,325,478.09	(1,071,565.04)	-7.0%
Departmental Collections	1,208,033.38	1,243,917.97	35,884.59	3.0%	12,341,074.21	12,493,993.48	152,919.27	1.2%
Wholesale Liquor Tax	338,939.53	349,908.77	10,969.24	3.2%	3,573,306.19	3,092,621.70	(480,684.49)	-13.5%
Coal Severance Tax	454,023.88	939,938.19	485,914.31	107.0%	6,961,109.24	7,604,729.06	643,619.82	9.2%
Coal Conversion Tax	1,072,199.00	1,203,211.02	131,012.02	12.2%	7,962,543.83	8,286,259.60	323,715.77	4.1%
Mineral Leasing Fees	326,892.44	314,371.33	(12,521.11)	-3.8%	3,860,993.44	2,144,272.60	(1,716,720.84)	-44.5%
Bank of North Dakota - Transfer						15,000,000.00	15,000,000.00	100.0%
State Mill and Elevator - Transfer								
Gas Tax Admin. - Transfer					423,327.00	517,728.00	94,401.00	22.3%
Other Transfers	65,197.69		(65,197.69)	-100.0%	9,995,324.62	1,850,618.83	(8,144,705.79)	-81.5%
TOTAL REVENUES AND TRANSFERS	\$ 48,207,917.77	\$ 68,152,197.82	\$ 19,944,280.05	41.4%	\$ 455,691,310.79	\$ 487,908,676.07	\$ 32,217,365.28	7.1%

Revenue Variances

Sales tax collections exceeded February projections by \$3.5 million or 12.3 percent. Although this is good news, the \$3.5 million did not entirely offset January's shortfall of \$5.8 million. Biennium-to-date sales tax collections are now \$1.9 million or 0.9 percent behind projections.

February was a good month for motor vehicle excise tax collections with collections exceeding projections by \$764,375 or 20.9 percent. Biennium-to-date collections are \$478,017 or 1.4 percent ahead of projections.

Individual income tax collections were strong again in February. Collections exceeded projections by \$858,212 or 5.6 percent. Biennium-to-date collections now exceed projections by \$6.5 million or 5.9 percent.

Corporate income tax collections exceeded projections for the first time since August. The

amount of excess collections in February was \$704,096 or 38.7 percent. After several months of large refund requests, it appears the trend may finally be turning around. Biennium-to-date collections are now \$8 million or 29.8 percent below projections.

Oil and gas production tax collections exceeded projections by \$1 million, or 113.5 percent. Oil extraction tax collections exceeded projections by \$603,053 or 108.5 percent. Biennium-to-date collections for both oil taxes combined are \$7.1 million ahead of projections.

Cigarette and tobacco tax collections fell short of projections by \$463,727 or 27.6 percent. Biennium-to-date collections are \$346,522 behind projections. It is too early to tell if the shortfall in February is an anomaly or if more people have quit smoking because of the high price of cigarettes.



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